GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA

UNSTARRED QUESTION NO:4179
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Capital Goods Policy
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Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

(a) whether the Government has recently launched a National Capital Goods Policy and if so, the salient features of the Policy;
(b) the manner in which the Policy is likely to boost the manufacturing sector which is not performing well in the recent past as expected; and
(c) the number of jobs likely to be created in the coming five years as a result of the said policy?

Answer

MINISTER OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
(SHRI ANANT G. GEETE)

(a): Yes Madam.

A National Capital Goods Policy has been launched in 2016 with a view to increase the share of capital goods contribution from 12% to 20% of total manufacturing activity by the year 2025.The policy aims to make India one of the top capital goods producing nations of the world by raising the total production and exports level significantly. The Policy also envisages improving technology depth of the Indian Capital Goods to reach advanced level.

Major recommendations of the National Capital Goods Policy are:

(1) Make in India initiative: To integrate major capital goods sub-sectors like machine tools, textile machinery, earthmoving, construction and mining machinery, heavy electrical equipment, plastic machinery, process plant equipment, etc as priority sectors to be envisaged under "Make in India' initiative.

(2) To create an enabling scheme as a pilot for "Heavy Industry Export & Market Development Assistance Scheme (HIEMDA)" with a view to enhance the export of Indian made capital goods along with a branding plan for capital goods.

(3) Strengthen existing capital goods scheme: The policy recommends increasing the budgetary allocation & scope of the present "Scheme on Enhancement of Competitiveness of Capital Goods" by adding a set of components including technology, skills & capacity building, user promotional activities, green engineering and energy, advanced manufacturing and cluster development

(4) To launch a Technology Development Fund under PPP model to fund technology acquisition, transfer of technology, purchase of IPRs, designs & drawings as well as for commercialization of such technologies of capital goods.

(5) To create a "Start-up Center for Capital Goods Sector" shared by DHI and CG industry/ industry association in 80:20 ratio to provide an array of technical, business and financial support resources and services to promising start-ups in both the manufacturing and services space with focus on Pre-incubation, Incubation and Post-Incubation phases of a start-up"s growth.

(6) Mandatory Standardization which includes, inter alia, defining minimum acceptable standards for the industry and adoption of International Organization for Standardization (ISO) standards in the absence of other standards, to institute formal development program for promoting and framing Standards with Standards Developing Organizations (SDOs) including Bureau of Indian Standards (BIS), international standard bodies, test / research institutions and concerned industry/ industry associations.

(7) To upgrade development, testing and certification infrastructure such as Central Power Research Institute (CPRI), and set up 10 more CMTI like institutes to meet the requirements of all sub-sectors of capital goods.

(8) Skill development: To develop a comprehensive skill development plan/ scheme with Capital Goods Skill Council and to upgrade existing training centers and set up 5 regional State-of-the-Art Greenfield Centers of Excellence for skill development of CG sector.

(9) Cluster approach:- To provide schemes for enhancing competitiveness through a cluster approach, especially for CG manufacturing SMEs with thrust on critical components of competitiveness such as Quality management, Plant maintenance management, Energy management, Cost management, Human Resource management and prevention of corrosion.

(10) To modernize the existing CG manufacturing units, especially SMEs for adopting modern, computer controlled and energy efficient machineries on the basis of capital subsidy to promote the manufacturing of quality product. Details of the National Capital Goods Policy are available at dhi.nic.in

(b): Capital Goods Sector is a capital intensive industry with long gestation period. Implementation of key recommendations of

National Capital Goods Policy is likely to enhance technology depth, production and export and improve skill availability and standardization in the domestic capital goods sector. Since Capital Goods is considered as the mother industry for the manufacturing sector, this is expected to have a positive cascading effect on the performance indigenous manufacturing sector.

(c): The said Policy envisages an increase in direct domestic employment to 5 million by the year 2025.

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